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RR RUEHWEB

DE RUEHRL #1672/01 1671445
ZNR UUUUU ZZH
R 161445Z JUN 06
FM AMEMBASSY BERLIN
TO RUEHC/SECSTATE WASHDC 3743
INFO RUCNMEM/EU MEMBER STATES COLLECTIVE
RUCNFRG/FRG COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 0578
RUEHIT/AMCONSUL ISTANBUL 0126
RUEHC/DEPT OF LABOR WASHDC

UNCLAS BERLIN 001672

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STATE FOR EUR/AGS AND DRL/IL, LABOR FOR ILAB - BRUMFIELD

E.O. 12958: N/A

TAGS: ECIN ECON ELAB SOCI TU GM

SUBJECT: STRUCTURAL LIMITS TO INTEGRATING TURKISH IMMIGRANTS INTO THE GERMAN ECONOMY

¶11. SUMMARY. Nearly 50 years since the first wave of Turkish immigrants arrived in Germany, economic integration remains one of the Turkish immigrant community's greatest challenges.

Prospects for greater economic integration are dimmed by high unemployment rates, low education levels, and lack of German language proficiency among Turkish immigrant. Two other factors limiting further integration are the maintenance of a Muslim "parallel society" within the Turkish immigrant community and the lack of opportunities for upward mobility within the German job market. However, some recent developments suggest inroads are being made to improve integration of the Turkish minority into the German economy. First, a growing entrepreneurial class of small and medium-sized businesses is emerging within the Turkish community. Second, the German public and private sectors have begun to place greater emphasis on integration assistance and on fostering entrepreneurial opportunities for Turks. These recent efforts offer some hope that, with time, further economic integration of the Turkish minority in Germany will be possible. END SUMMARY.

TURKISH ROLE IN THE GERMAN ECONOMY

¶12. Germany is host to approximately 2.6 million Turks (including Turkish-born immigrants and ethnic Turks born in Germany), which constitute 3% of the entire German population and 70% of Turks in the EU. Turkish immigration into Germany began in the 1960s, when Germany was in need of temporary, unskilled laborers. The majority of Turkish immigrants decided to stay in Germany and their families soon followed. Today, almost 700,000 of the Turks living in Germany were also born here. Though the inflow of migrants from Turkey has been on the decline, the German Federal Statistics Bureau estimates that some 50,000 Turkish immigrants arrive in Germany annually. The largest clusters of Turkish immigrants reside in Berlin, Frankfurt and Hamburg, and the states of Baden-Wuerttemberg, Hessen and North Rhein Westphalia.

¶13. The economic status of Turkish immigrants in Germany has remained largely unchanged since the 1960s - even among second and third generation Turks. Turkish immigrants continue to be over-represented in unskilled and blue-collar jobs, such as janitorial work, construction and in the garment industry. Since the 1960s, however, mechanization and outsourcing have reduced the need for many low-skill jobs in Germany. As a result, Turkish immigrants face more dire economic circumstances than before, with higher rates of unemployment and more households requiring welfare assistance.

¶4. The unemployment rate among Turkish immigrants is roughly three times the German national average (33% versus 11% in Germany overall), and predominantly affects young or unskilled Turks. All legal immigrants in Germany enjoy social benefits provided by the government. Some local governments say high unemployment among the Turkish population causes them to allocate as much as 70% of their budgets to welfare payments.

CHALLENGES TO ECONOMIC INTEGRATION: TURKISH FAILURES

¶5. Turkish socio-economic self-segregation has helped cause the emergence of a Muslim "parallel society" within Germany, in which immigrant Turks have limited and discouraged interaction with non-Turks. According to the Turkish Embassy in Berlin, this phenomenon has exacerbated the socio-economic division between Germans and Turks and is a major obstacle preventing further integration of Turkish immigrants into the German economy. In particular, the perpetuation of this "parallel society" contributes to the low educational levels of achievement by young Turks in Germany and the unwillingness of many Turkish immigrants to gain professional-level German language proficiency.

¶6. Although young Turks' educational performance in Germany is slowly improving, poor test scores and high dropout rates make upward mobility difficult. Immigration experts allege that the poor performance among Turkish youth in school is caused by the presence of the "parallel society", in which less value is placed on achievement within the German education system. Fewer than 10% of 18-25 year olds of Turkish descent in Germany are enrolled in higher education. Fewer Turkish immigrants successfully complete vocational school than non-foreigners and, according to a recent report

by the Friedrich Ebert Stiftung, the number of Turks in German apprenticeship programs has dropped nearly 52% since ¶1995.

¶7. Lack of German language competence among Turkish immigrants is a reflection of their limited economic integration in Germany and the pervasiveness of the "parallel society" phenomenon, in which the Turkish language is preferred and used substantially more than German. Without German, however, Turks have difficulty finding jobs. As a recent study of Germany's education system explains, lack of German language ability is a "decisive obstacle" in an immigrant's educational and future career. According to data from the Turkish Embassy, 37% of all Turkish immigrants in Germany lack "good" German speaking skills; in Berlin, which is host to the largest Turkish immigrant community in the EU, 48% have less than "good" German speaking skills.

CHALLENGES TO ECONOMIC INTEGRATION: GERMAN FAILURES

¶8. Exacerbating young Turkish immigrants' poor educational performance is Germany's rigid education system, which "tracks" students on a set career path on the basis of their performance in their first four years in primary school. In 2004-5, approximately 60% of Turkish immigrants in Germany were "tracked" into a trade or vocational school.

¶9. The Turkish Embassy claims German employers discriminate against Turkish immigrants. Embassy officials say employers prefer to hire immigrants from Eastern Europe. Discrimination is more pervasive in eastern Germany, they say, where there are fewer foreigners and xenophobia is more blatant. The German government, too, has historically made integration difficult for Turkish immigrants. Prior to 2000, Turkish immigrants without German ancestry could not gain German citizenship, regardless of whether they had been born in Germany or lived in Germany for many years. Despite reforms to German citizenship laws after 2000, some states, such as Baden-Wuerttemberg, continue to impose tougher restrictions on applicants from Islamic countries, including Turkey.

PROSPECTS FOR INTEGRATION

¶10. Despite the many obstacles to economic integration, there are reasons for optimism, given developments in both the Turkish community and government policy. The high rate of unemployment, the rigidity of Germany's educational system, and the growing demand of the Turkish immigrant population for goods and services have caused a growing percentage of Turkish immigrants to become entrepreneurs -- specializing in family-run, small and medium-sized enterprises (SMEs) such as kiosks and delicatessens, which have had cross-over appeal among both Turkish and non-Turkish consumers. Recently, the weekly newsmagazine "Der Spiegel" reported Turkish SMEs have accounted for the creation of more than 300,000 jobs in Germany. Turkish Embassy statistics indicate that as of 2004, 61,300 Turkish entrepreneurs exist in Germany, contributing \$9.1 billion in investments with an annual turnover of \$36 billion.

¶11. A variety of German and Turkish businesses and organizations are working to tap into the Turkish community's growing entrepreneurial spirit. For example, several German banks, including Deutsche Bank, are beginning to employ Turkish banking representatives to improve their appeal to potential customers in the Turkish community. The state government of North Rhein Westphalia has begun a program called ReTra (Regionale Transferstellen), which acts as an advisory body to local immigrants interested in creating their own enterprises. Furthermore, Turkish business associations and Turkish participation in trade unions is flourishing.

¶12. Beginning in 2005, Germany's Federal Ministry of the Interior began requiring all new immigrants to take a six-month, 630-hour "integration course", consisting of beginning and intermediate German language instruction and an orientation course to familiarize participants with Germany's history, culture and legal system. This \$270 million, federally-funded program, is intended to help provide immigrants with the opportunity to "take part in all aspects of social, political and economic life" in Germany. This is the first time the federal government has funded and executed

a program geared toward integrating immigrants into the country; an initial review of the success of the program is due by 1 July 2007.

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